

e-Learning on Digital Agriculture

Lecture 13. Social media and marketing

PhD. Nargiza Nosirova

Incorporating Social Media Into Your Marketing Strategy

What is Social Media?



Social Media Revolution

Social Media Revolution

Socialnomics09

8 videos

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Is Social Media a Fad?



Incorporating Social Media Into Your Marketing Strategy

Are You Ready for Social Media?

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What Are Your Goals?

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Parts of a Social Media Strategy

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Parts of a Social Media Strategy

SPECIFIC

MEASURABLE

ATTAINABLE

RELEVANT

TIMELY

Incorporating Social Media Into Your Marketing Strategy

Parts of a Social Media Strategy

- Identify Your Target Market



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Parts of a Social Media Strategy

- Create a Profile or Brand

The Twitter logo, featuring the word "twitter" in a light blue, lowercase, sans-serif font with a white outline, set against a white background with a subtle drop shadow.The Facebook logo, consisting of the word "facebook" in a white, lowercase, sans-serif font, set against a dark blue rectangular background.

Incorporating Social Media Into Your Marketing Strategy

Parts of a Social Media Strategy

- Decide on appropriate social media applications



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Parts of a Social Media Strategy

- Plan the time frame



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Parts of a Social Media Strategy

- Include Search Engine Optimization (SEO)



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Parts of a Social Media Strategy

- Develop a content strategy plan

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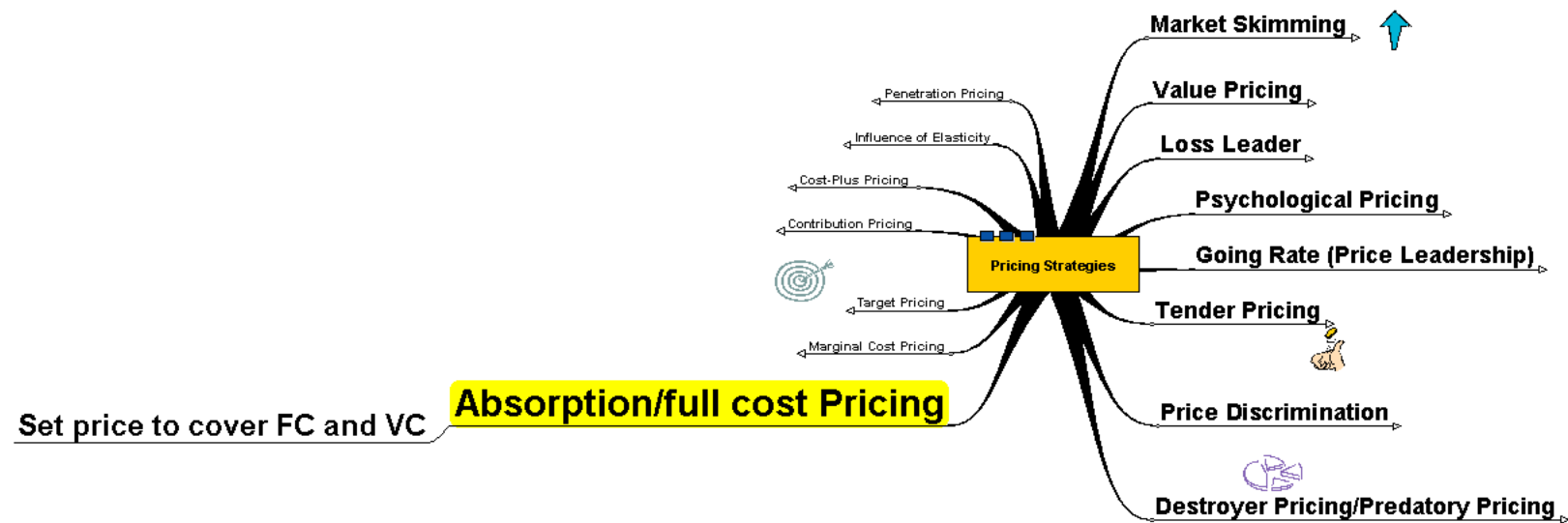
Parts of a Social Media Strategy

- Measure progress toward goals

Incorporating Social Media Into Your Marketing Strategy

Parts of a Social Media Strategy

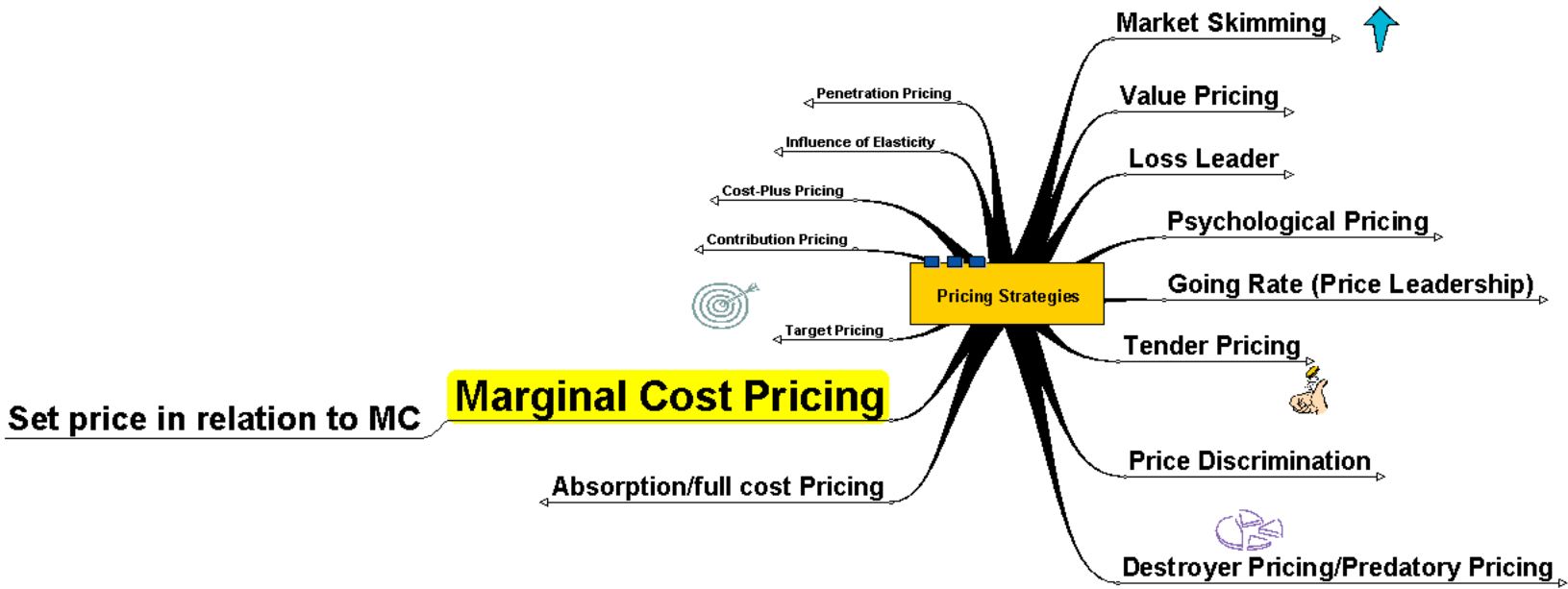
Absorption/Full Cost Pricing



Absorption/Full Cost Pricing

- **Full Cost Pricing** – attempting to set price to cover both fixed and variable costs
- **Absorption Cost Pricing** – Price set to ‘absorb’ some of the fixed costs of production

Marginal Cost Pricing



Marginal Cost Pricing

- Marginal cost – the cost of producing ONE extra or ONE fewer item of production
- MC pricing – allows flexibility
- Particularly relevant in transport where fixed costs may be relatively high

- Allows variable pricing structure – e.g. on a flight from London to New York – providing the cost of the extra passenger is covered, the price could be varied a good deal to attract customers and fill the aircraft

Marginal Cost Pricing

- Example:



Aircraft flying from Bristol to Edinburgh – Total Cost (including normal profit) = £15,000 of which £13,000 is fixed cost*

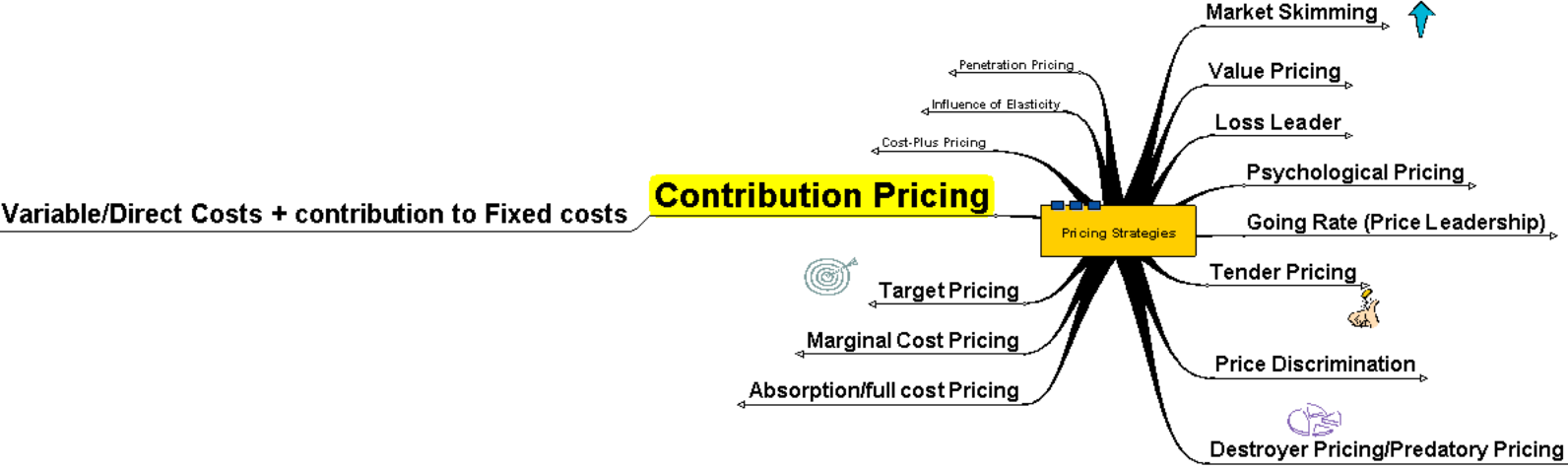
Number of seats = 160, average price = £93.75

MC of each passenger = $2000/160 = £12.50$

If flight not full, better to offer passengers chance of flying at £12.50 and fill the seat than not fill it at all!

***All figures are estimates only**

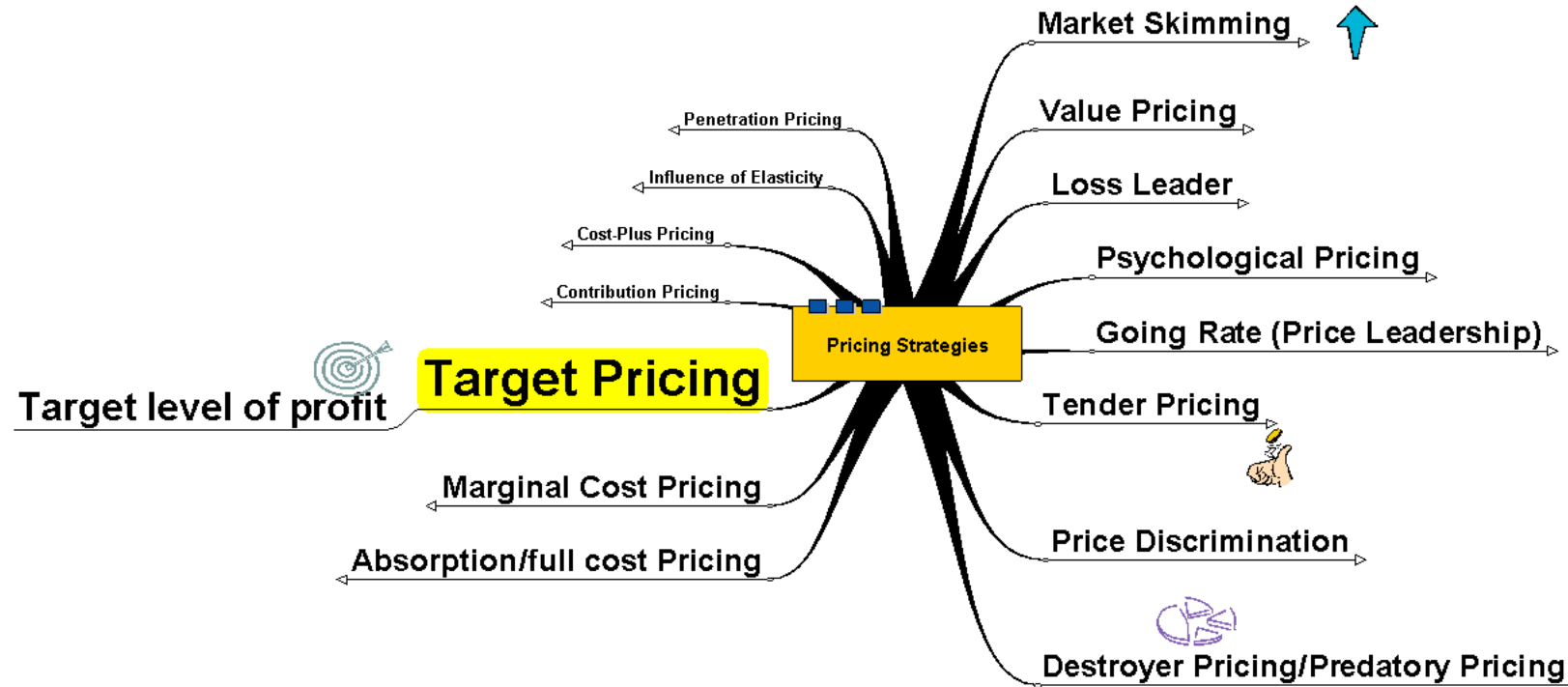
Contribution Pricing



Contribution Pricing

- **Contribution = Selling Price – Variable (direct costs)**
- Prices set to ensure coverage of variable costs and a 'contribution' to the fixed costs
- Similar in principle to marginal cost pricing
- Break-even analysis might be useful in such circumstances

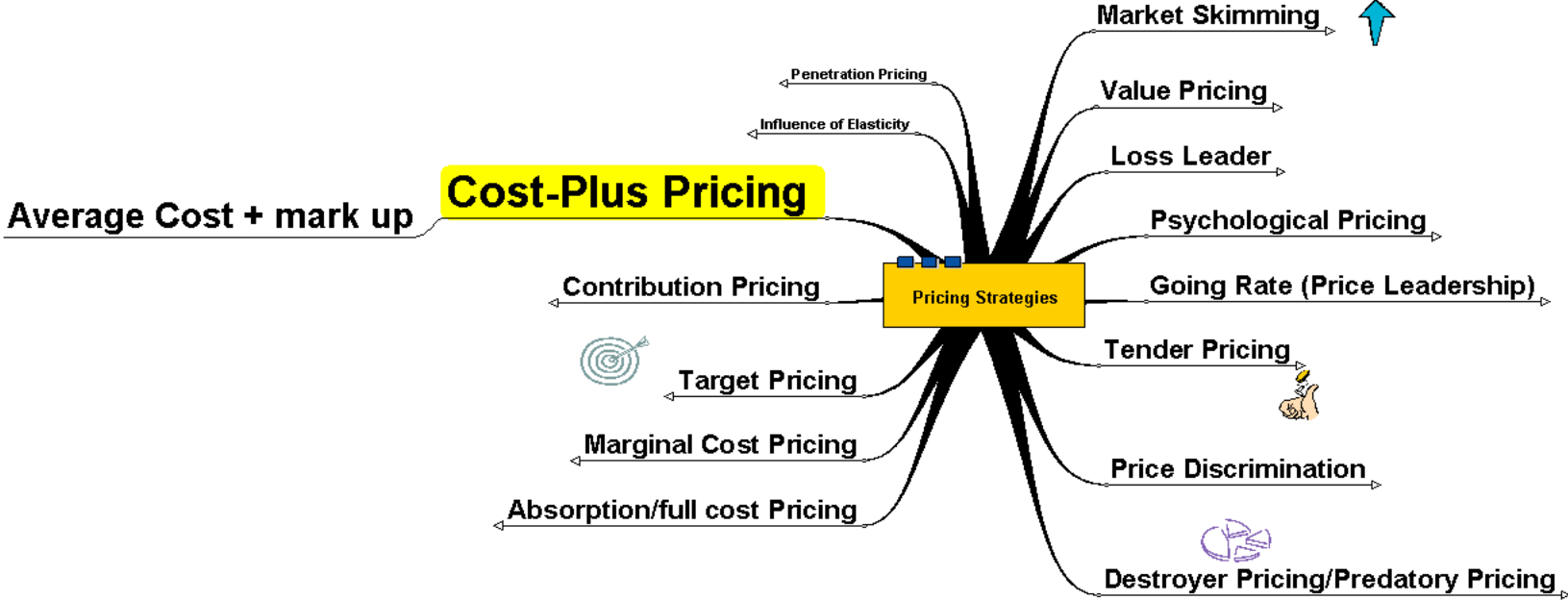
Target Pricing



Target Pricing

- Setting price to 'target' a specified profit level
- Estimates of the cost and potential revenue at different prices, and thus the break-even have to be made, to determine the mark-up
- $\text{Mark-up} = \text{Profit}/\text{Cost} \times 100$
- This strategy is used by many clothes retailers where they can add upto 60% mark-up on the basic cost of the clothes. So even with a 50% sales offer they still make a profit!

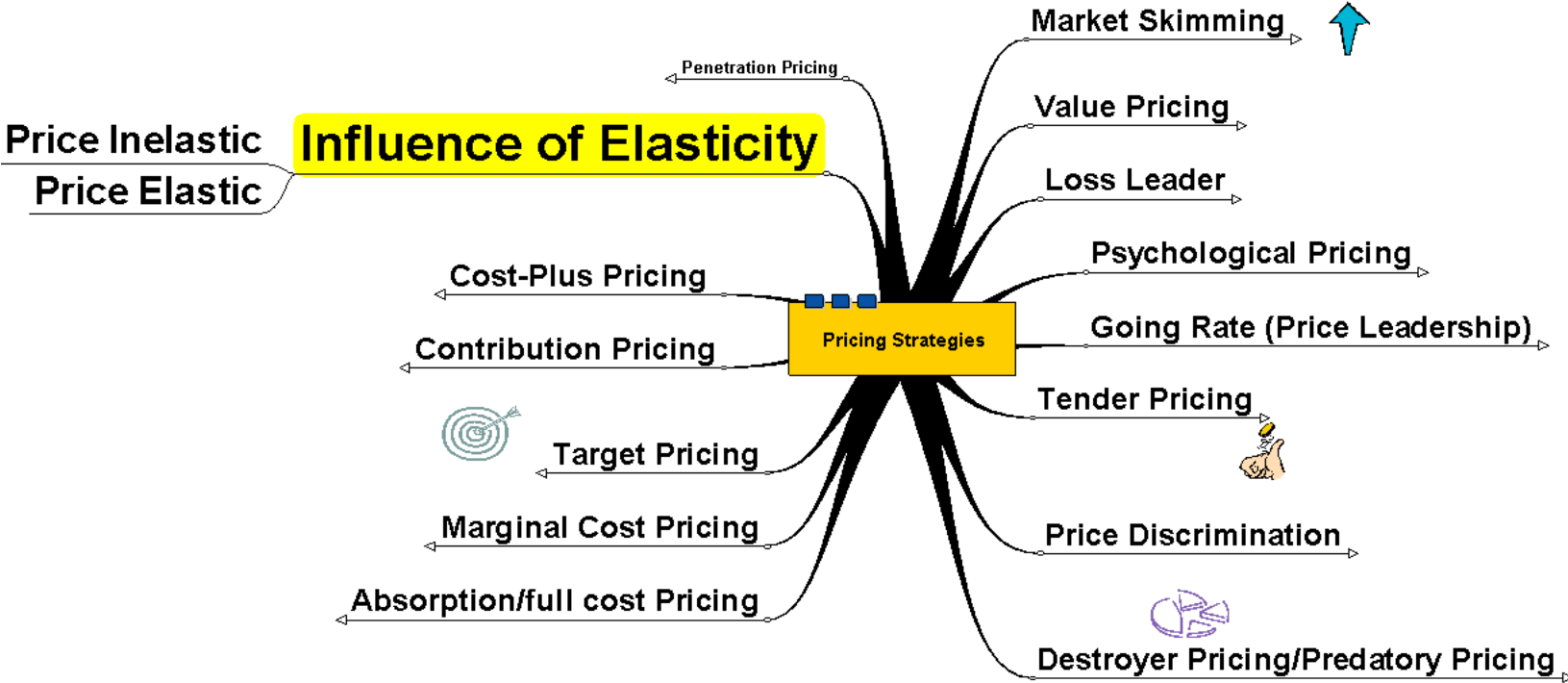
Cost-Plus Pricing



Cost-Plus Pricing

- Calculation of the average cost (AC) plus a mark up
- $AC = \text{Total Cost} / \text{Output}$

Influence of Elasticity



Influence of Elasticity

- Price Inelastic:
- % change in Q < % change in P
- e.g. a 5% increase in price would be met by a fall in sales of something less than 5%
- Revenue would rise
- A 7% reduction in price would lead to a rise in sales of something less than 7%
- Revenue would fall

Influence of Elasticity

- Any pricing decision must be mindful of the impact of price elasticity
- The degree of price elasticity impacts on the level of sales and hence revenue
- Elasticity focuses on proportionate (percentage) changes
 - **PED = $\frac{\% \text{ Change in Quantity demanded}}{\% \text{ Change in Price}}$**

Influence of Elasticity

- **Price Elastic:**
- % change in quantity demanded $>$ % change in price
- **e.g.** A 4% rise in price would lead to sales falling by something more than 4%
- Revenue would fall
- A 9% fall in price would lead to a rise in sales of something more than 9%
- Revenue would rise

Select a Pricing Method

- Mark-up Pricing - “Cost Plus”
- Target Return Pricing
- Perceived Value Pricing



Device Pricing vs. Whole Product Pricing

- Value of any product to its market is strongly influenced by prices of competitive products
- Competitive “devices” are analyzed, but “products” are priced
- Product “features” have different values:
 - Customer service
 - Warranties
 - Distribution channels (e.g., convenience)
- The “sum” of the features makes up the “product”

Determining Perceived Value

- What value is placed on the end result?
- The cost of alternative solutions to the customer.
- A function of:
 - Prices of comparable (though not identical) products
 - The “value” (+/-) of the product’s differences vs. the competitive offering
 - The value of the “Whole Product”

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